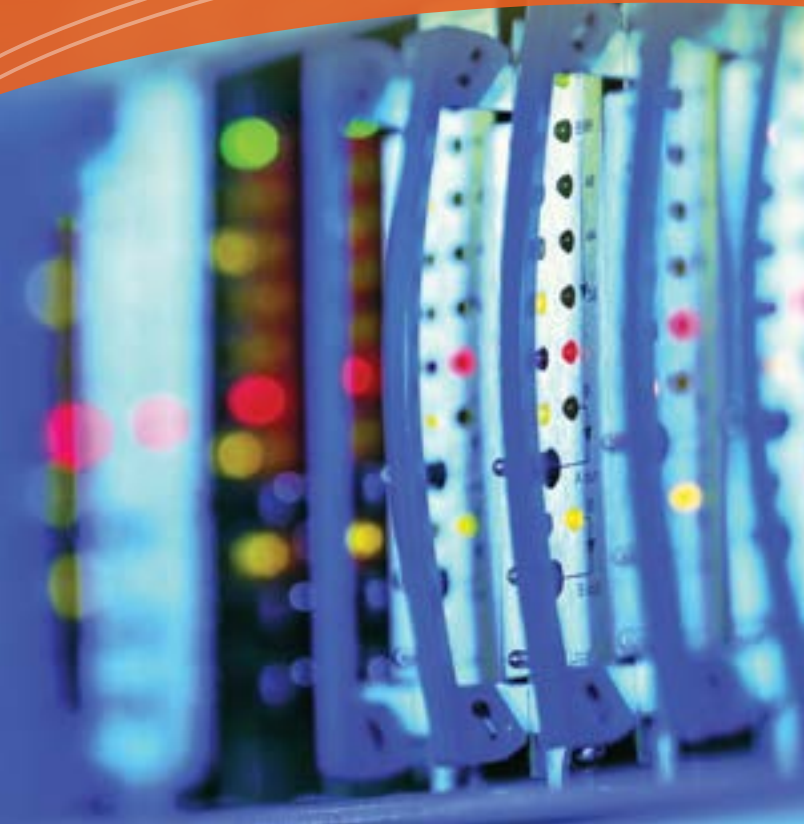# FIND YOUR CENTER

LOCATE YOUR DATA CENTER IN MINNESOTA

*M*innesota's tax incentives make it more attractive than ever to build data and network operation centers in Minnesota.

Qualifying projects* receive sales tax exemptions for 20 years on:

- Computers and servers
- Cooling and energy equipment
- Energy
- Software

And, regardless of size, they pay no personal property tax — ever.

*Companies that build data or network operation centers of at least 25,000 square feet and invest $30 million in the first four years qualify for the tax break.

Find Your Center: Lower Business Taxes

At first glance, Minnesota appears to have high business taxes because its corporate income tax rate is higher than most states. However, other **favorable tax provisions produce tax competitive advantages for Minnesota.**

Minnesota does not tax personal property, intangible property, inventories, utilities, Internet access, information services or custom-created software. These exemptions, along with incentives and low tax liability on new investments, make Minnesota an attractive location for data centers. Unlike many states, these incentives result not only in front-end savings but long-term operational savings for the facility.

Minnesota business taxes rank **20th lowest in the nation**, according to a report by Ernst & Young and the Council on State Taxation, which assessed business taxes as a share of private gross state product for fiscal year 2012.

Additionally, Minnesota's carryforward and lack of throwback **encourage business startups**, while the research and development credit spurs Minnesota innovation and helps offset some tax liabilities.

This competitive tax structure and high quality of life makes Minnesota a perfect location.

CORPORATE INCOME TAX RATE

Corporate Income Tax Rate	Apportionment Formula	Throwback Rule	Carryforward	R&D Credit
9.80%	100% sales	No	0 back, 15 taxable years forward	10% of qualifying expenses up to $2 million and 2.5% thereafter

Source: 2013 State Tax Handbook, CCH Inc.

Find Your Center: The Right Climate Reduces Utility and Other Costs

Cooler weather and less storm damage make Minnesota an ideal location for any data center.

Data centers need to be continuously up and running. Minnesota's moderate climate allows for more than 300 days of free cooling annually. Additionally, cutting-edge technologies in data center cooling have been implemented globally using lake water. Minnesota is home to nearly 12,000 lakes of 10 or more acres.

Tornados are not a concern in Minnesota. According to historical data by the National Oceanic and Atmospheric Administration, less than four percent of tornadoes in the country took place in the state. This low occurrence makes Minnesota a safe place for data centers.

MINNESOTA AVERAGE SEASONAL TEMPERATURES

Season	Temp (degrees F) Northern Minnesota	Temp (degrees F) Southern Minnesota
Winter	6	16
Spring	36	44
Summer	60	70
Fall	38	46

Source: Minnesota Department of Natural Resources Climatology Office historic climate data

Minnesota has some of the lowest energy costs in the country, and electricity is exempt from sales tax. With electricity use on the rise and a typical data center utilizing 120 to 200 million watts of electricity annually, a data center can save millions of dollars (based on average electricity price per kilowatt/hour) by locating its operations in Minnesota, when compared to national averages.

MINNESOTA ENERGY RATES

	Minnesota	United States
Typical electric bill – industrial [1]	$29,905 per month	$37,567 per month
Typical electric bill – commercial [2]	$1,194 per month	$1,541 per month
Avg. annual electric price – industrial	6.31¢ per kilowatt/hour	6.54¢ per kilowatt/hour
Avg. annual electric price – commercial	8.84¢ per kilowatt/hour	10.09¢ per kilowatt/hour

(1) Annualized Rates. Midload factor of 400,000 kWh.
(2) Annualized Rates. Midload factor of 14,000 kWh.
Sources: Typical Bills and Average Rates Report, Summer 2013.
Energy Information Administration, Annual Electricity Data, 2012.

Minnesota also has one of the highest reliability rates for electricity in the country, ranking at the high end of the first quartile for electric power reliability. Some of the largest providers of electricity in Minnesota include: Minnesota Power, Xcel Energy, Great River Energy, Otter Tail Power, Connexus Energy, Dakota Electric and East Central Energy. In addition, there are 125 municipally owned and operated electric utilities. **All of the electric utilities in the state offer both special high-use rates and back-up power programs to select customers.**

FIND YOUR CENTER: RELIABLE AND CUTTING-EDGE INFRASTRUCTURE

Minnesota is heavily connected to fiber, cable, DSL and wireless broadband networks, with the infrastructure in place to help prospective data centers locate and expand.

Seventy-eight percent of Minnesota residents used broadband in 2012, an increase of five percent from the previous year.

Nearly 96 percent of Minnesotans have fixed broadband available at speeds of 3 Mbps download/768 Kbps upload; when mobile broadband is included, 99.8 percent of Minnesota households have access at this speed tier (both excluding satellite services).

Source: Enventis, Hickory Tech.

BROADBAND USE AT HOME IN MINNESOTA

Technology	Percent of Population	
	Minnesota	U.S.
Cable Modem	50%	50%
DSL	35%	31%
Fiber	8%	9%
Fixed Wireless	5%	5%
Satellite	8%	6%
Power Lines	2%	3%
Wireless Wi-Fi	4%	4%

Source: ConnectMN.Org

TOP BROADBAND COMPANIES IN MINNESOTA BY EMPLOYMENT

Company Name	Employment
AT&T	850
Verizon Wireless	350
Advanstar Inc	300
Hickory Tech Corp	300
Arvig Communication Systems	202
Frontier Communications	200
Integra Telecom	200
Brocade Communications Systems	150
Diversified Adjustment Svc Inc.	150
Multiband Corp	150
Ventures Solutions	150
Communications Systems Inc.	120
Comcast Cable	101
Northern American Comms Inc.	101
POPP.COM	101

Source: ReferenceUSA.

RECENT DATA CENTER ACTIVITY

TIER THREE DATA CENTER ACTIVITY			
Company	Square Feet	Investment	Year
UnitedHealth Group	250,000	$250 million	2010
Thomson Reuters	50,000	$140 million	2007-2008
Target	161,300	$125 million	2007
UnitedHealth Group	185,000	$125 million	2007
Unisys	130,000	*	2007
Iron Gate Solutions	80,000	*	2010
OTHER DATA CENTER ACTIVITY			
Involta	34,000	$12.8 million	2012
Five 9's Digital	138,000	$75 - $100 million	2012
Mayo Clinic	60,000	*	2012
Visi Inc.	6,000	$10 million	2012
PROJECTS UNDERWAY			
ViaWest	150,000	*	2013
Stream	50,000	*	2013
Compass	50,000	*	2013

*Not available.

FIND YOUR CENTER: NETWORKING YOUR NETWORK

Minnesota is home to 18 Fortune 500 company headquarters.

2013 FORTUNE 500 COMPANIES IN MINNESOTA	
Company	**Rank**
UnitedHealth Group	17
Target	36
Best Buy	61
CHS	69
Supervalu	86
3M	101
U.S. Bancorp	132
General Mills	169
Medtronic	172
Land O'Lakes	194
Ecolab	229
C.H. Robinson Worldwide	237
Mosaic	246
Ameriprise Financial	263
Xcel Energy	266
Hormel Foods	319
Thrivent Financial for Lutherans	325
St. Jude Medical	457

Source: Fortune 500, 2013.

Minnesota has the professional network and experience to help your data center succeed. Nearly 360 data processing, hosting, and related establishments employ 7,000 workers in Minnesota. Among these are UnitedHealth Group, Thomson Reuters and Target.

FIND YOUR CENTER: HIGH QUALITY, REASONABLE COST WORKFORCE

Minnesota has a labor force of 2.6 million and an unemployment rate that was ninth lowest in the U.S. in 2013 (4.6 percent).

The state's average commute time was 22.9 minutes, 16th lowest in the country.

Minnesota is ready to deliver a highly educated workforce for any data center, thanks to our second-highest high school graduation rate in the country.

Minnesota's colleges and universities awarded nearly 101,700 degrees in the 2010-2011 school year. Of those, 3,246 degrees were awarded in computer and information sciences and communications technologies. Additionally, Minnesota has 31 state-supported technical colleges, community colleges and universities.

EDUCATIONAL ATTAINMENT COMPARISON			
Educational Attainment	**MN**	**US**	**MN Rank**
High school graduation or higher	92.5%	86.4%	2nd
Bachelor's degree or higher	33.2%	29.1%	11th

Source: 2012 American Community Survey.

OCCUPATIONAL WAGE AND EMPLOYMENT COMPARISON				
Occupation	**Median Hourly Rate**		**Employment**	
	MN	US	MN	US
Total, All Occupations	$18.08	$17.03	2,641,110	130,287,700
Computer and Information Research Scientists	$60.28	$50.09	N/A	24,880
Computer Systems Analysts	$37.64	$39.06	12,740	482,040
Information Security Analysts	$43.47	$42.24	1,340	72,670
Computer Programmers	$35.39	$36.41	5,980	316,790
Software Developers, Applications	$44.17	$44.15	12,710	586,340
Software Developers, Systems Software	$45.83	$48.52	8,630	391,700
Web Developers	$32.54	$30.64	2,350	102,940
Database Administrators	$38.31	$37.79	2,540	111,590
Network and Computer Systems Administrators	$34.74	$35.56	8,520	350,320
Computer Network Architects	$41.97	$44.61	3,660	137,890
Computer User Support Specialists	$23.25	$22.76	10,700	525,630
Computer Network Support Specialists	$29.43	$28.97	3,230	167,980
Computer Occupations, All Other	$35.32	$39.78	7,010	185,730
Actuaries	$45.10	$45.92	810	21,340
Operations Research Analysts	$39.69	$35.34	1,580	69,180
Statisticians	$39.91	$37.04	670	25,570
Mathematical Technicians	$46.99	$27.86	280	1,150
Mathematical Scientists, All Other	$31.97	$27.51	30	1,220

Source: Occupational Employment Statistics, Minnesota Department of Employment and Economic Development.

Minnesota
Department of Employment and Economic Development